SGGF II

Saskatchewan Government Growth Fund II Ltd.

Creating economic wealth and diversification
through investment of immigrant investor capital in Saskatchewan

2002 ANNUAL REPORT

SASKATCHEWAN GOVERNMENT
GROWTH FUND

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FUND PROFILE

Saskatchewan Government Growth Fund II Ltd. ("SGGF II" or the "Fund") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL HIGHLIGHTS

- SGGF II reported net income in 2002 of $102,000 resulting in a decrease of the accumulated deficit to $8.8 million.
- Income from investments, cash and portfolio investments in 2002 was $125,000, a decrease of $199,000 from 2001.
- No payments were made in 2002 on obligations to investors because of insufficient cash resources.

MESSAGE TO INVESTORS

The priority of Saskatchewan Government Growth Fund II Ltd. in 2002 continued to be the liquidation of its remaining investments.

During 2002, SGGF II sold its remaining investment in publicly-traded Upton Resources Inc., and available cash was used to repay the prior-ranking note payable and other liabilities. There are no active markets in which to sell the Fund's two remaining investments, Big Sky Farms Inc. ("Big Sky") and Prairie Sulphate Corporation ("PSC"). The Fund has exercised a put of its investment in Big Sky and is currently negotiating the terms of payment with the company. PSC is undergoing a restructuring of its financing. It is unlikely that sufficient cash will be generated in 2003 to make a payment to the remaining Bondholders in 2003. Given the significant deficit in SGGF II, it is unlikely that the ultimate proceeds from the remaining investments will be sufficient to repay the remaining principal amounts in full, and it is not possible at this time to predict when additional payments will be made.

In October 2002, Gary Benson retired as President of SGGF II. Gary had been President since April 1993. In February 2003, Keith Rissling, who became a director in May 1999, retired from the Board. On behalf of the Board, we thank Gary and Keith for their contribution to SGGF II. Alan Rowe was appointed President in October 2002, and Harwood Davies was elected as a director in February 2003.

In 2003, SGGF II will continue to actively manage its remaining investments with a view to achieving for investors the best liquidation proceeds available in the prevailing circumstances. As significant new developments occur, such information will be provided to the Bondholders.

Joanne Forer
Chair

Alan M. Rowe
President

INVESTMENT PROFILES

The following are profiles of investments held by SGGF II during 2002, including the total amount invested and a description of the companies' operations. The date of the initial investment in each company is noted in parentheses.

Big Sky Farms Inc. (January 1996)
$1,750,000 loans and common shares

Big Sky Farms, headquartered in Humboldt, Saskatchewan, operates a number of farrow to finish hog operations in Saskatchewan. These operations are among the largest hog production facilities in the province. The company expanded in 2002 to other areas of Saskatchewan. The company repaid its loans of $750,000 during 2001 and SGGF II continues to hold an equity investment with a cost of $1 million. SGGF II has exercised its right to have Big Sky repurchase its equity position and is negotiating the terms of purchase.

Prairie Sulphate Corporation (August 1996)
$3,530,488 loans and common shares

Prairie Sulphate Corporation is located at Alsask, Saskatchewan. The company manufactures potassium sulphate fertilizer; a specialty product used in the care of chloride sensitive plants such as citrus trees, tobacco, and golf course greens. SGGF has loans with a principal amount of $2.5 million outstanding. The company is currently negotiating a restructuring of its financing with its lenders as a result of operating difficulties it has experienced.

Rocky View Lodge Inc. (March 1996)
$844,409 loans

Rocky View is located at Denare Beach, Saskatchewan. The company constructed and operates a tourism facility specializing in offering eco-tourism experiences to its visitors. A portion of the investment in Rocky View was recovered in 2001 and 2002, and no further recoveries on this investment are expected.

Upton Resources Inc. (October 1995)
$5,502,197 loan and common shares

Upton Resources Inc., a publicly-traded (TSX:URC) company, is engaged in the exploration for and development of crude oil producing properties primarily through the process of horizontal drilling. The company repaid its loan in full in 2000 and SGGF II sold its equity holding in 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

SGGF II reported net income in 2002 of $102,000 resulting in a decrease of the accumulated deficit to $8.8 million.

Repayment of obligations to investors at maturity was suspended in December 2000. Throughout 2002 management continued to address remaining investments and unresolved matters in SGGF II. The publicly-traded shares held by SGGF II were sold during 2002, and the only remaining investments are debt and equity instruments of two private companies. It is not possible to determine when these investments will be liquidated, or the values likely to be obtained for each. SGGF II used available cash in 2002 to pay prior-ranking notes payable and other liabilities. No payments were made in 2002 on obligations to investors because of insufficient cash resources. Given the significant deficit of SGGF II, it is unlikely that the proceeds from the remaining investments will be sufficient to repay the remaining principal amounts in full. It is not possible to predict when additional payments will be made.

SGGF II continues to actively manage its remaining investments with a view to achieving for investors the best liquidation proceeds available in the prevailing circumstances.

Investment Activities

As has been the focus of the Fund since 1999, orderly liquidation of the investment portfolio remained the priority in 2002. Cash from future liquidations will enable the Fund to make a distribution to investors who have yet to receive a payment.

In 2002, investments with a book value, prior to provision, of $2.5 million (2001 - $662,000) were sold for proceeds of $1.7 million. The divestment included the sale of SGGF II's share position in a publicly-traded company. Cash realized from the liquidation was used to repay a portion of the note payable and to pay a portion of the operating costs of the Fund.

A total of $278,000 of new investments was made in 2002 (2001 - $836,000) in the form of protective disbursements to two investee companies. In 2001, protective disbursements to three companies were made. Management believes that these investments are prudent in preserving the interest of SGGF II in these investees.

At December 31, 2002, the investment portfolio totaled $2.2 million, consisting of $2.5 million of debt investments and a $1.0 million equity investment, less provisions for credit losses of $1.3 million. At December 31, 2001, the investment portfolio totaled $3.5 million and consisted of $2.4 million of debt investment and $3.5 million in two equity investments, less provisions for losses of $2.3 million.

Income from investments, cash and portfolio investments in 2002 was $125,000, a decrease of $199,000 from 2001. The majority of this decrease represents interest received on a debt investment in 2001 that was non-performing in 2002. The policy of the Fund is that income on non-performing assets is only recognized when received.

In addition to the monthly monitoring of each investment, a quarterly portfolio review is performed to identify impairment in the value of any of the investments. Where impairment is identified, a provision for loss is recorded and any further accrual of income for that investment is discontinued. The loss provision adjusts impaired investments to their estimated net realizable value and publicly traded shares to the lower of cost or market value.

In 2002, the charge to income for investment losses was $29,000 and compares to $2.8 million in 2001.

Investor Activities

Investor repayments at maturity were suspended in 2000. In August 2000, it was determined that insufficient liquidity existed in the remaining portfolio to fully repay principal on the maturity date, and repayments at maturity were reduced to $150,000 for all remaining Bonds, with further amounts to be repaid as investments were liquidated. A total of 12 investors were each paid $150,000 at maturity. In December 2000, the liquidation of an investment did not occur as expected and SGGF II suspended further repayments until sufficient cash has accumulated to allow a payment to be made to the remaining investors. When sufficient cash exists to pay the remaining liabilities of SGGF II, the remaining cash available will be paid in equal amount to investors who have yet to receive a payment.

Obligations under the Bonds are subordinate to all other liabilities of SGGF II and repayment is dependent on the proceeds on liquidation of investments and all other available liquidity in excess of other liabilities.

Operating Activities

In 2002, a net recovery of administration costs of $372,000 was recorded, compared with expenses incurred in 2001 of $273,000. The recovery arises from the reduction of $471,000 in fees payable in the future to an investment advisor based on the performance of funds under management by the advisor.

The recovery is net of management fees and other administration expenses of $98,000. Administration expenses were $255,000 in 2001. The decrease reflects a revised basis on which the manager's fees are calculated in 2002. As a percentage of average total assets managed, these costs, excluding future fees, were 2.33% in 2002 and 4.67% in 2001.

The provision of administration and investment advisory services to SGGF II is contracted to Crown Capital Partners Inc. as well as other investment advisors. The manager is paid a monthly fee for its services.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

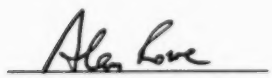
The President and fund manager of the Saskatchewan Government Growth Fund II Ltd. are responsible for management of the Fund. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

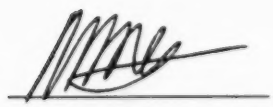
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has reviewed and approved these financial statements.

Deloitte & Touche LLP, the corporation's independent auditors, have examined the financial statements of the corporation. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the corporation's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.

On behalf of management,



Alan M. Rowe, C.A.
President



Mike Merth, C.A., C.M.A.
Crown Capital Partners Inc.

AUDITORS' REPORT

To the Shareholder of Saskatchewan Government Growth Fund II Ltd.:

We have audited the statement of financial position of Saskatchewan Government Growth Fund II Ltd. as at December 31, 2002, and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 7, 2003

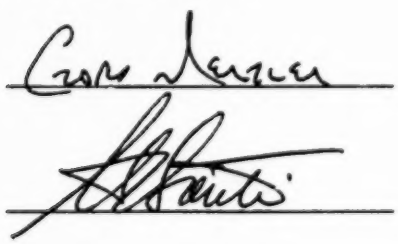
FINANCIAL STATEMENTS

Saskatchewan Government Growth Fund II Ltd.
(Incorporated under The Business Corporations Act of Saskatchewan)
Statement of Financial Position
As at December 31

	2002	2001
Assets		
Cash	$ 739,798	$ 731,836
Accounts receivable and accrued interest	1,953	32,339
Investments (Note 3)	2,174,445	3,533,628
	$ 2,916,196	$ 4,297,803
Liabilities and Shareholder's Deficiency		
Accounts payable and accrued liabilities (Note 4)	$ 1,166,336	$ 1,873,850
Note payable (Note 5)	1,035,000	2,000,000
Commissions payable	24,500	24,500
Accrued charges payable to investors	578,997	390,465
Obligations to investors (Note 6)	8,950,000	8,950,000
	11,754,833	13,238,815
Share capital (Note 7)	1,000	1,000
Deficit	(8,839,637)	(8,942,012)
	(8,838,637)	(8,941,012)
	$ 2,916,196	$ 4,297,803

See accompanying notes to financial statements

On behalf of the Board:



Gordon Mertler
Director

Lloyd Boutilier
Director

Saskatchewan Government Growth Fund II Ltd.
Statement of Operations and Deficit
For the Year Ended December 31

	2002	2001
Revenues		
Income from investments	$ 87,063	$ 286,334
Interest from cash and portfolio investment	37,480	37,788
Other income	-	5,126
	124,543	329,248
Provision for credit losses	305,136	3,068,749
Allowance for unrealized losses on public equities	(275,919)	(248,532)
	29,217	2,820,217
Net revenue	95,326	(2,490,969)
Expenses		
Administration (Note 9)	(372,405)	273,391
Interest on note payable	176,825	200,536
Amortization of commissions	-	9,282
Interest on obligations to investors	188,531	184,561
	(7,049)	667,770
Net income (loss)	102,375	(3,158,739)
Deficit, beginning of year	(8,942,012)	(5,783,273)
Deficit, end of year	$ (8,839,637)	$ (8,942,012)

See accompanying notes to financial statements

Saskatchewan Government Growth Fund II Ltd.
Statement of Cash Flows
For the Year Ended December 31

	2002	2001
Cash flows from operating activities		
Net income (loss)	$ 102,375	$ (3,158,739)
Adjustments:		
Amortization of commissions	-	9,282
Provision for credit losses	305,136	3,068,749
Allowance for unrealized losses on public equities	(275,919)	(248,532)
Net change in non-cash balances related to operations (Note 10)	(488,596)	1,026,750
Cash flows from operating activities	(357,004)	697,510
Cash flows from investing activities		
Disbursements on investments	(278,308)	(836,385)
Repayments from investments	1,608,274	661,933
Sale of portfolio investment	-	411,000
Cash flows from investing activities	1,329,966	236,548
Cash flows from financing activities		
Repayment of note payable	(965,000)	(575,000)
Cash flows from financing activities	(965,000)	(575,000)
Net increase in cash	7,962	359,058
Cash, beginning of year	731,836	372,778
Cash, end of year	$ 739,798	$ 731,836
Interest paid during the year	$ 185,021	$ 212,169

See accompanying notes to financial statements

Saskatchewan Government Growth Fund II Ltd.
Notes to the Financial Statements

1. Status of the corporation

Saskatchewan Government Growth Fund II Ltd. ("SGGF II") was incorporated in March 1993 under The Business Corporations Act of Saskatchewan and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF II was established to raise $35,000,000 through a bond offering. Each bond is a 2% unsecured subordinated bond at a cost of $250,000 ("Bonds"). The marketing of SGGF II closed on May 28, 1995.

The Confidential Offering Memorandum ("Memorandum") and the IIP prescribe various conditions that qualify an investment as an eligible business, including a requirement that the business be Saskatchewan based and have assets, including assets of associated companies, of less than $35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF II or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the Bonds.

2. Significant accounting policies

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Statement of Operations and Deficit in the period in which they become known.

Investments

Investments include debt investments in private companies, and equity investments in private and public companies. Income from debt investments is recognized as earned and income from equity investments is recognized when received.

Debt investments are carried at cost, net of provisions for credit losses.

Provisions for credit losses are established on impaired debt instruments ("loans"). A loan is considered to be impaired if, as a result of a deterioration in credit quality, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan on which contractual payments are in arrears for 90 days or more is usually assumed to be impaired. Other factors that are considered in determining whether a loan is impaired include the overall credit quality of the borrower and the fair value of the underlying security. When a loan becomes impaired, recognition of interest income ceases. A provision for specific credit losses is established for impaired loans to reduce

their value to the estimated fair value of the security underlying the loan. If the credit quality of the loan subsequently improves a provision is reduced or reversed.

Investments in publicly traded equities are carried at the lower of cost and market where market is determined as the average closing market price over the last 20 trading days prior to the financial statement date, with adjustment to reflect lack of market liquidity.

Investments in equities in private companies are carried at the lower of cost and, where a loss in value that is other than temporary has occurred, net realizable value. Investments that are evaluated as possibly being subject to a loss in value are assessed periodically based on appropriate criteria, including past operating results of the investee, financial outlook of the investee, recent capital transactions, and their associated value, between the investee and arm's length parties, and liquidity or going concern problems of the investee.

When a decline in the value of an equity investment in a private company is no longer considered to be temporary, the investment is written down and carried at the written down value until disposal of the equity investment.

SGGF II intends to dispose of its investments in due course. Accordingly, investee companies over which SGGF II has significant influence are not consolidated.

Deferred commissions

Commissions paid or payable on Bonds issued have been capitalized and are amortized over five years from date of Bond issuance.

Commissions payable

According to the terms of a marketing agreement entered into by SGGF II, a commission is payable to the independent marketing agent selling the Bonds upon issuance of the investor's immigrant visa.

Obligations to investors

Obligations to investors represent the Bonds issued to investors of SGGF II. Their investment helps to satisfy a portion of their visa requirements under the IIP. Interest to the maturity date on Bonds is accrued at an annual rate of 2% from the date of the Bond issuance and, if sufficient funds exist, paid annually on December 31 and at maturity and thereafter is accrued on any remaining balance outstanding.

3. Investments

	2002	2001
Debt instruments	$ 2,491,330	$ 2,372,721
Equity instruments	1,000,000	3,502,197
Provision for credit losses	(1,316,885)	(1,176,360)
Allowance for unrealized losses on public equities	-	(1,164,930)
	$ 2,174,445	$ 3,533,628

Included in investments is $2,480,894 (2001 - $2,372,721) of impaired investments, net of accumulated provision for credit losses of $1,316,885 (2001 - $1,176,360), upon which income is not accrued. During the year $155,442 (2001 - $6,859,247) of investments and costs have been written off.

Equity investments include publicly traded shares at a cost of $nil (2001 - $2,502,197), with an aggregate market value of $nil (2001 - $1,337,267).

During the year, investments decreased as follows:

	2002	2001
Balance, beginning of year	$ 3,533,628	$ 6,179,393
New investments	278,308	836,385
Book value of divestments	(2,506,454)	(661,933)
Investments and costs written off	(155,442)	(6,859,247)
Net change in provision for credit losses	(140,525)	3,790,498
Net change in allowance for unrealized losses on public equities	1,164,930	248,532
Balance, end of year	$ 2,174,445	$ 3,533,628

4. Accounts payable and accrued liabilities

Included in accrued liabilities is a provision of $1,127,211 (2001 - $1,598,068) for future fees payable to an investment advisor under the terms of its investment services agreement with SGGF II. This amount is payable to the investment advisor upon liquidation of its portfolio under their management and upon achievement of certain performance targets.

5. Note payable

Note payable is a $1,035,000 (2001 - $2,000,000) note to Saskatchewan Government Growth Fund Ltd. ("SGGF I") payable on demand and bearing an interest rate of 10% per annum. Security for the note is an equity investment and associated put option.

6. Obligations to investors

Bonds - 2% unsecured subordinated bonds.

The obligation at December 31 is:

	2002	2001
43 Bonds (2000 - 43 Bonds)	$ 8,950,000	$ 8,950,000

The obligation at December 31 is comprised of 31 Bonds with a face value of $250,000 and 12 Bonds with a remaining face value of $100,000.

Liquidity problems experienced in the investment portfolio during the year 2000 forced SGGF II to reduce repayments on Bonds that matured in September 2000, October 2000 and November 2000 and suspend repayments on Bonds that matured in December 2000. Obligations under the Bonds are subordinate to all other liabilities of SGGF II and repayment is dependent on available liquidity in excess of other liabilities and on the proceeds on liquidation of investments. SGGF II has a significant deficit and it is unlikely that the proceeds from the remaining investments will be sufficient to repay the remaining principal amounts in full. It is not known when payments on the remaining obligations will be made.

Interest due on the remaining obligations has been accrued.

7. Share capital

The authorized common share capital of SGGF II at December 31 is:

Class A common shares - an unlimited number of voting common shares. Holders of the Class A common shares are not entitled to receive dividends.

Class B common shares - an unlimited number of non-voting common shares. Holders of the Class B common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2002	2001
1,000 Class A common shares	$ 1,000	$ 1,000

8. Financial instruments

SGGF II's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF II's ability to repay its Bonds at maturity.

Market Risk

Market risk is the risk that the fair value of an investment may be affected by the ability of an investee company to profitably distribute its products. Some of the companies in which SGGF II invests are dependent upon a single product or industry. SGGF II manages this risk through careful due diligence prior to committing funds to the investment and by diversifying its investments across various industry sectors.

Credit Risk

Credit risk is the risk that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF II restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to a similar general economic environment. The ability of such investees to meet contractual obligations may be affected by changing economic, political or other conditions. SGGF II conducts thorough due diligence prior to committing to an investment and actively monitors the financial health of its investees on an on-going basis. In addition, some investees operate in and export to other provinces or international markets thereby mitigating this risk.

Interest Rate Risk

Interest rate risk is the risk that SGGF II's earnings will be affected by fluctuations in interest rates. SGGF II manages this risk through careful monitoring and matching the duration of its portfolio investments and investments with the duration of its obligations to investors.

Liquidity Risk

Liquidity risk is the risk that SGGF II will encounter difficulty in liquidating its investments at the time it is required to repay its Bonds. Due to the nature of some of SGGF II's investments, the timing of cash flows from its investments may not exactly match with the payments owing under SGGF II's Bonds. SGGF II carefully monitors the duration of its investments. However, timing differences may require SGGF II to reduce or delay the payments owing on Bonds at maturity.

Fair Value - Investments

There is no active secondary market for many of the entities in which SGGF II invests, and the uncertainty and potentially broad range of outcomes pertaining to the future cash flows from these investments renders the calculation of a fair value with appropriate reliability impractical. The factors that affect the fair value are described above.

Fair Value - Obligations to Investors

No secondary market for the Bonds exists. Due to the unique features associated with the Bonds, the calculation of a fair value with appropriate reliability is impractical. The risk factors that affect the fair value of investments, as described above, also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

9. Administration

Under the terms of a management agreement, expiring in 2003, between SGGF II and the Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF II with the assistance of a manager that performs fund administration and investment management together with several other investment advisors. SGGF Management Corporation does not guarantee the financial performance of SGGF II. All services provided to SGGF II are charged on a fee for service basis. The costs billed to the fund by SGGF Management Corporation are as follows:

	2002	2001
Manager fees	$ 56,336	$ 163,899
General administration	2,311	11,793
Directors' fees and expenses	11,532	23,063
Legal and professional	28,273	55,779
	98,452	254,534
Provision for investment advisor profit share	(470,857)	18,857
	$ (372,405)	$ 273,391

10. Net change in non-cash balances related to operations

	2002	2001
Funds held in trust	$ -	$ 625,000
Accounts receivable and accrued interest	30,386	(4,014)
Accounts payable and accrued liabilities	(707,514)	229,274
Deferred revenue	-	(8,071)
Accrued charges payable to investors	188,532	184,561
	$ (488,596)	$ 1,026,750

11. Income taxes

A provincial Crown corporation owns all of the issued shares of SGGF II. Therefore, SGGF II is income tax exempt.

12. Related party transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan government controlled departments, agencies and corporations with which SGGF II is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

As stated in Note 5, SGGF II holds a note payable to SGGF I. Total interest charged by SGGF I during the year was $176,825 (2001 - $200,536). Total interest payable to SGGF I at December 31, 2002, and included in the above, is $8,790 (2001 - $16,986).

As stated in Note 9, SGGF II has a management agreement with SGGF Management Corporation. Total fees charged to the fund by SGGF Management Corporation amounted to $98,452 (2001 - $254,534). Total fees payable to SGGF Management Corporation at December 31, 2002, and included in the above, is $25,334 (2001 – $17,585).

Other transactions with related parties are disclosed separately in the financial statements and notes thereto.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

FIVE YEAR FINANCIAL SUMMARY
Saskatchewan Government Growth Fund II Ltd.
(in thousands of dollars)

Financial Position
As at December 31

	2002	2001	2000	1999	1998
Assets					
Cash	$ 740	732	998	3,967	11,615
Portfolio investments	-	-	411	-	-
Investments	2,174	3,534	6,179	14,477	20,479
Other assets	2	32	38	554	979
Total assets	$ 2,916	4,298	7,626	18,998	33,073
Liabilities and Deficit					
Obligations to investors	$ 9,529	9,340	9,161	17,755	31,005
Other liabilities	2,226	3,899	4,247	2,163	2,267
Deficit	(8,839)	(8,941)	(5,782)	(920)	(199)
Total liabilities and deficit	$ 2,916	4,298	7,626	18,998	33,073

Operating Results
For the years ended December 31

	2002	2001	2000	1999	1998
Revenues					
Investment income	$ 87	286	1,397	699	1,100
Interest from cash and portfolio investments	37	38	78	608	755
Other income	-	5	94	27	27
	124	329	1,569	1,334	1,882
Provision for losses on investments	29	2,820	5,946	1,017	2,863
Net revenue	95	(2,491)	(4,377)	317	(981)
Expenses					
Administration	(372)	274	(32)	252	439
Financing	365	394	517	786	1,053
Total expenses	(7)	668	485	1,038	1,492
Net income (loss)	$ 102	(3,159)	(4,862)	(721)	(2,473)

CORPORATE INFORMATION

Saskatchewan Government Growth Fund II Ltd.
1874 Scarth Street, Suite 1800
Regina, Saskatchewan, Canada S4P 4B3
Phone: (306) 787-2994 Fax: (306) 787-2086
Email: sggf@crowncapital.ca

Board of Directors

Joanne Forer, Chair
Businesswoman
Melfort, Saskatchewan

Lloyd Boutilier
Businessman
Regina, Saskatchewan

Darrel Cunningham
Farmer
Lintlaw, Saskatchewan

Harwood Davies
Businessman
Watrous, Saskatchewan

Roland ("Rollie") Hardy
Businessman
Regina, Saskatchewan

Gordon Mertler
Businessman
Regina, Saskatchewan

Fund Manager

Saskatchewan Government Growth Fund Management Corporation, which has retained Crown Capital Partners Inc. to provide management services.

Crown Capital Partners Inc.
Brian A. Johnson, C.F.A., Managing Partner
Alan M. Rowe, C.A., Partner Responsible for SGGF
Christopher J. Anderson, C.F.A., Partner
B. Cameron Johnson, C.A., C.F.A., Partner
Christopher A. Johnson, C.F.A., C.B.V., Partner
Chris A. Selness, C.F.A., Partner

1874 Scarth Street, Suite 1800
Regina, Saskatchewan, Canada S4P 4B3
Phone: (306) 546-8000 Fax: (306) 546-8009
Email: ccp@crowncapital.ca

Officers

Joanne Forer, Chair
Alan M. Rowe, President

Auditors

Deloitte & Touche LLP
Chartered Accountants
2103 11th Avenue, Suite 900
Regina, Saskatchewan S4P 3Z8

Banker

CUCORP Financial Services
P.O. Box 3030, 2055 Albert Street
Regina, Saskatchewan S4P 3G8

Distribution Agent

Nexus Marketing Corporation
5th Floor, 191 Lombard Avenue
Winnipeg, Manitoba R3B 0X1

Investment Advisors

Crown Life Insurance Company
1874 Scarth Street, Suite 1900
Regina, Saskatchewan S4P 4B3

Mr. Roy Lloyd
114 – 801 Heritage Crescent
Saskatoon, Saskatchewan S7H 5R7

Prairie Financial Management
1919 Rose Street, Suite 202
Regina, Saskatchewan S4P 3A1

Legal Counsel

McDougall Gauley
2010 11th Avenue, Suite 700
Regina, Saskatchewan S4P 0J3

Trustee and Transfer Agent

CIBC Mellon Trust Company
One Lombard Place, Suite 750
Winnipeg, Manitoba R3B 0X3

SASKATCHEWAN GOVERNMENT
GROWTH FUND